

Status of City Investigation

Ray Malinchak, Controller

September 7, 2010

The following is the status of an investigation into the City's unexplained trash removal increase of over 19% or about \$170,000 each year for the last two years. An investigation was initiated by CSI, Inc., of Monaca, PA on May 5, 2011 and completed on September 1, 2011, ahead of schedule, and at cost of less than \$6,000 to the Controller.

Twelve persons were interviewed who were believed familiar with the matter. An additional 4 persons were identified later in the investigation but were not interviewed due to budget and time constraints.

The results of these interviews alleged that trash not originated in our City was improperly charged to our City's account. There is ample information to presume that there may have been a premeditated scheme to alter or falsify weight slips at disposal sites and thereby financially harm the City.

This scheme is believed to encompass at least one other municipality's trash account in a parallel manner. It was beyond the scope of this investigation to contact anyone from other municipalities. These municipalities could either be the sources of external trash or harmed financially by falsification of their disposal site records.

CSI investigators informed the Controller at the outset of this investigation that it is common for an investigation focused on one matter to uncover other equally troubling matters. They stated that their investigative procedure is to follow where information mined "takes us."

In our case a spin off of the trash investigation revealed a City entity that recorded some 21 unfinished financial transactions. These year 2010 transactions are estimated to entail over \$7,500. Prior years were not within the scope of this preliminary inquiry. These 2010 transactions are considered incomplete according to accepted accounting practices.

In addition, CSI investigators revealed another City entity that should be scrutinized and relates to the procurement of vehicle supplies.

The City Administrator is completely aware of these two spin offs and has been vigilant in conducting an internal review in response to written requests from the Controller.

After the City Administrator provides the results of these internal reviews, the Controller will then proceed to solicit the interest of applicable law enforcement agencies to determine if all these matters and some unidentified matters comply with governing laws.